

LINDA LINGLE
GOVERNOR



STATE OF HAWAII
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

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November 4, 2009

VIA E-MAIL & REGULAR MAIL

Rod K.S. Tam
Senior Account Executive
Hawaii Medical Service Association
818 Keeaumoku Street
Honolulu, HI 96814

Dear Mr. Tam:

It has come to our attention that last week, an HMSA executive, Mr. Mike Sayama, sent an email that is being widely circulated throughout the Department of Transportation and beyond to other State departments and agencies. (See attached email.) The email contains unauthorized and inaccurate information that has caused confusion among EUTF plan participants and has negatively affected the EUTF's November open enrollment. Demand is hereby made upon HMSA to retract the email and advise the EUTF immediately as to what corrective action it will implement to ameliorate the crisis.

Please call me to discuss how HMSA will comply.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Williams", written over a horizontal line.

Jim Williams
Administrator

Enclosure

c: Mr. Robert Hiam, President & CEO, HMSA
Mr. Harris Nakamoto, Vice President & General Manager, HMA
EUTF Board of Trustees

FYI --- please watch your open enrollment for EUTF this upcoming plan year and carefully make your selection.

----- Original Message -----
From: Mike Sayama

Dear Family,

I'm writing to ask for your help if you know people who work for the State or city and counties (except teachers). In the upcoming (November 2-30) open enrollment for health plans for EUTF (Hawaii Employer-Union Health Benefits Trust Fund), active employees who have the HMSA PPO plan which has a 10% co-payment for services will default to HMA's plan which has the same 10% co-payment if they do nothing. HMSA was assigned to be the plan which has a 20% copayment. Currently we have 32,000 subscribers for a total of 65,000 members in our PPO plan. For many years, if these members did nothing they would have automatically continued in our plan. Some of the members we spoke to have been totally surprised that this would not continue to be the case, and I believe at least people should have the chance to make an informed decision.

It's a complicated, long story as to how this has come about, and I'm not sure I know everything but here's how I understand it. HMSA was asked to offer a lower costing plan with the 20% copayment, which we did thinking that EUTF members could choose between our 10% and 20% copayment plan and HMA's 10% and 20% copayment plan. But because of too few slots in the computer system, somehow it ended up with HMA having the 10% plan, and HMSA having the 20% plan. EUTF further decided that HMA plan would be the default plan. The 20% plan costs about \$9 less per month on an individual basis or about \$30 per month less for a family. So if you just look at the benefit, HMA's plan may look better, but there are other important issues that I hope people will consider.

1. HMSA's participating network of physicians is over two times larger than HMA's and includes all the hospitals. People should make sure their doctor is in HMA's network and further realize that their choices for specialists or to change physicians in the future will be limited with HMA.

HMSA's network contains over 95% of all the physicians in Hawaii.

2. For care nationally and internationally, HMSA is part of the Blue Cross Blue Shield Association and our members have access to all physicians and facilities in this network

which is the largest in the country.

3. HMA is part of Summerlin, a mainland for profit company, whereas HMSA is a local non-profit with among the lowest administrative costs in the nation. Summerlin will make decisions from their corporate offices on the mainland based on profitability. Although the general public often doesn't get this, we are very happy to break even, and in fact have been losing money in recent years despite using investment income to subsidize premiums.

4. While they have some staff in Hawaii, the bulk of Summerlin's operations are on the mainland. 65,000 members represents a little less than 10% of HMSA's membership, and if we lose this many members, it will mean layoffs at HMSA and more job losses for our community. I can't believe that State employees wouldn't be riled about this.

Anyway, I'm asking a favor. If you know people who are State employees, please call or email them to let them know that it is a very different open enrollment process this year, and doing nothing may well mean that they end up with HMA. If people have questions they can call us at 948-6499 on Oahu or (800) 776-4672 from the Neighbor Islands. If you have questions, please call or email me. Thanks for your help, Mike.

Mike Sayama
Vice President, Customer Relations
Hawaii Medical Service Association
Blue Cross Blue Shield of Hawaii
An Independent Licensee of the Blue Cross and Blue Shield Association
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"MMS <hmsa.com>" made the following annotations.

This electronic message is not an offer to contract, the acceptance of an offer to contract, or in any other way intended to contractually obligate HMSA; neither is it intended to change the terms of any existing contract unless specifically so stated.

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